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THE INTERIM

MARCH 2000

HELENA, MONTANA

VOL. XII NO. 10

WHAT CAN YOU FIND ON THE LEGISLATIVE BRANCH WEBSITE?

Website Now Available...The Montana Legislative Branch website at <http://leg.state.mt.us> now offers access to a wide variety of useful information about Branch activities. To help you get started in using the site as a reference tool, this article will describe some of the resources available on the site and how to get to them.

In order to make it easy for users to find what they're after, several different paths have been set up to lead to the same information. We've done our best to make these paths intuitive, but we are very aware that the site will always need refinement and improvement. Any suggestions you may have should be sent to: Steve Eller, Applications Development Supervisor, Montana Legislative Services Division, 406-444-3064, <seller@state.mt.us>.

Navigating the Site...The Branch home page gives background on the Montana Legislature with links to pages for the Constitution and for the House and Senate. Other links lead to information on special sessions in Montana history, a list of legislators holding leadership positions, the legislative rules, the district map (for determining who represents each area in Montana), a chart outlining the legislative process, 1999-2000 Interim Committees, and Capitol renovation progress.

Buttons on the left side of the home page let the user move to the following types of information:

Reference: access to answers to frequently asked questions such as:

- ▶ how to get in touch with legislators (linking to the legislative directory and the district map);
- ▶ legislative costs (how much legislators are paid);
- ▶ historical information (how to get past session information, how many special sessions have been held, the history of political party control, how

to find out which legislators are affected by term limits);

- ▶ legislative procedure (committee meeting procedure, how citizens can propose laws to legislators, how a bill becomes law);
- ▶ timing of the next session; and
- ▶ how to find administrative rule information.

The reference page also offers links to information about Legislative Library services (including the monthly new book list), a set of bookmarks used in the Branch, and links to federal information--Montana's congressional offices and federal legislative information.

Goals & Objectives: the Branch mission, organization, and programs.

Legislators: a directory of current Montana legislators showing address, district represented, party, spouse's name, phone, and e-mail if available

Committees: the primary administrative committees, statutory interim committees, interim committees staffed by the Legislative Services Division, and other interim entities on which legislators serve. The content of this page parallels the paper publication, the *1999-2000 Interim Directory of Legislative Committees*. (See description of committee pages below.)

Publications: a page with links to session publications (current and historical), fiscal publications, committee reports (current and historical), and audit reports as well as to current and past interim newsletters. We also plan to include legal and research memos and initiative reviews in the near future. You can do a keyword search for a particular report from this page or from the Branch search engine found on the home page and other main pages.

Statutes & Constitution: links to a searchable Folio Views database of the 1999 Montana Code Annotated and to the state constitution in html and WordPerfect 5.1.

Fraud Hotline: the Legislative Audit Division's hotline for reports of improper acts committed by state agencies, departments, or employees.

Committee Pages...The name of each committee links to a page describing the committee. For the Audit and Finance Committees, the link will take you to pages covering the resources of the Divisions that support the work of those committees and providing access to information on studies and meetings and to reports. Committees staffed by the Legislative Services Division have pages that show work plans, assigned studies, agendas, minutes, rule review information, reports to the committees, etc. These committees include the Legislative Council, the six

statutory interim committees, the Districting and Apportionment Commission, the Electric Utility Restructuring Transition Advisory Committee, and the Legislative Branch Computer Systems Planning Council. For other committees on which legislators serve, the link leads to a page showing statutory authority, membership, and administrative staff contact information.

Other Links... You can find division-specific material by using the tabs at the top of the Branch home page. In addition to the Legislative Audit, Fiscal, and Services Divisions, an Environmental Quality tab provides quick access to information about the work of the Environmental Quality Council (EQC) and the Legislative Environmental Policy Office, an office under the Legislative Services Division that supports the work of the EQC. A tab for the Consumer Counsel takes you to a page describing the work of the Counsel and the Legislative Consumer Committee.

Under the heading of "Interim Work" are buttons for the *Interim Newsletter* (both current and past issues), for 1999-2000 interim activities (leading to the legislative committee pages described above), and for past interims (leading to a page with links to reports from the 1997-1998 and 1995-1996 interims).

Links to current and past session information are also provided. The 1999 page links to the LAWS system for bill status and text, votes, etc., for both the regular and special sessions. Links also lead to the 1999 History and Final Status and Journals. The past sessions button connects to a page offering access to 1997 session information.

We hope that this layout will provide user-friendly access to Montana legislative information. Again, please send any comments or suggestions on how the web page could be improved to: Steve Eller, Applications Development Supervisor, Montana Legislative Services Division, 406-444-3064, <seller@state.mt.us>.

MENTAL HEALTH MANAGED CARE COMMITTEE

To Meet March 8... The next meeting of the interim committee studying public mental health services will be March 8 at 8:30 a.m. in Room B-7 in the Federal Building, 301 S. Park Avenue, Helena. The Committee will hear reports on:

- ▶ the Montana Advocacy Program survey of mentally ill persons in Montana jails;
- ▶ development of a nurse managed health care program for the new Cascade County jail;
- ▶ total claims by Magellan Behavioral Health under the mental health managed care contract;
- ▶ update about the PACT (Program for Assertive Community Treatment) programs for mentally ill adults;
- ▶ training law enforcement officers on recognizing mental illness and in dealing with mentally ill people; and

- ▶ options to increase flexibility in public funding for mental health services.

Please call Lois Steinbeck or Diane McDuffie at 444-2896 if you have questions about the meeting.

ENVIRONMENTAL QUALITY COUNCIL

Environmental Quality Council...The Environmental Quality Council (EQC) will hold its next meeting in Billings on March 24.

To view the Council's or any Subcommittee's minutes from previous meetings, Council and subcommittee work plans, agendas, and press releases, please visit the EQC web site at <http://leg.state.mt.us/Services/lepo/index.htm>. If you have any questions or would like additional information or to be placed on the EQC interested persons mailing list, contact Todd Everts by phone at 444-3747 or by e-mail at <teverts@state.mt.us>.

Montana Environmental Policy Act (MEPA) Study...The MEPA Subcommittee met on February 18 and received information on the following topics: mitigation in environmental review documents, analyzing economic and private property considerations in environmental review documents, generating baseline information, prospective cost benefit analysis criteria, new evidence issues in MEPA litigation, and MEPA timeliness issues.

The MEPA Subcommittee will next meet in Billings (MSU-Billings) on Thursday, March 23 in conjunction with the next regularly scheduled EQC meeting on March 24.

For more information, contact Todd Everts, 444-3747 or <teverts@state.mt.us> or Larry Mitchell, 444-1352 or <lamitchell@state.mt.us>.

Eminent Domain Issues...The Eminent Domain Subcommittee will be meeting in Billings on Thursday, March 23. The meeting will be held on the Montana State University-Billings campus in the Lewis and Clark Room, Student Union Building. The meeting will start at 11 a.m. and will be followed by public hearing at 6:30 p.m. The public hearing will be held in the Special Education Building, Room 159. The first hour of the public hearing will be broadcast to METNET sites in Miles City and Glasgow. The use of METNET sites will allow for greater public participation.

The Eminent Domain Subcommittee held a meeting on Thursday, February 24 in Helena. The Subcommittee continued its discussion of the following issues:

- ▶ due process that is allowed in eminent domain statute;
- ▶ who carries the burden of proof;
- ▶ how rights of reentry are defined;
- ▶ what are the authorized public uses in other states;
- ▶ liability associated with condemned property;
- ▶ use of the interest taken;
- ▶ the types of interest taken; and

- ▶ the state's level of concurrence on Federal condemnation actions .

If you are interested in reviewing what the Subcommittee discussed, please log on to the EQC website for a copy of the draft meeting minutes. They will be posted as quickly as possible. If you have questions or would like additional information please contact Krista Lee at 444-3957, <klee@state.mt.us> or Gordy Higgins at 444-9280, <gohiggins@state.mt.us>.

Water Policy...The EQC's Water Policy Subcommittee will meet again on May 4 or 5 in Helena. For more information, contact Mary Vandebosch by phone at 444-5367 or by e-mail at <mvandebosch@state.mt.us>.

Land Use/Environmental Trends...The EQC's Land Use/Environmental Trends Subcommittee will meet in Billings on March 23 from 8 a.m. to 11 a.m. in the Student Union Building (Russell Room) on the MSU-Billings campus. The final agenda has not been confirmed. Potential agenda items include:

- ▶ the need for funding for local governments to develop and implement growth policies in light of responses received to the Subcommittee's inquiries of various organizations;
- ▶ a briefing from the Montana Smart Growth Coalition about the Coalition's goals and objectives as well as the study being conducted by the American Planning Association for the Coalition;
- ▶ an update on the EQC's request to state agencies for environmental trend information;
- ▶ a briefing from participants in the NACo/Sonoran Institute Western Community Stewardship Forum. Stillwater and Jefferson counties have participated in this program; and
- ▶ a discussion of options to address concerns raised by the City of Missoula and Missoula County regarding implementation of Senate Bill 97.

Contact Mary Vandebosch by phone at 444-5367 or e-mail at <mvandebosch@state.mt.us> for more information.

BUSINESS, LABOR, AND AGRICULTURE COMMITTEE

Committee Meets in March...The Business, Labor, and Agriculture Committee met on March 2 and 3 at the Federal Building in Helena. The main issues for discussion were:

- ▶ a presentation by private vendors regarding state regulatory and licensing functions;
- ▶ a report from the Departments of Agriculture and Commerce on the impact of House Bill No. 260 on a variety of economic development programs;
- ▶ the perspective of private solid waste service providers on the issue of government competition;

- ▶ an analysis of the Committee public-private competition survey; and
- ▶ a roundtable discussion of Senate Joint Resolution No. 21, a study to identify incentives to preserve agricultural land.

A more complete report of the meeting will be available in the April issue of **THE INTERIM**.

Subcommittee Meets...The Workers' Compensation Subcommittee met on March 2, at the Federal Building. Staff delivered a report on the issue of exclusive remedy and presented a primer of the Workers' Compensation system. The Department of Labor and Industry offered a plan to begin to compare Montana's benefit levels to benefit levels in other similar states. Finally, the public and private stakeholders offered their perspectives and priorities related to potential benefit changes and frequency of injury claims.

A more complete report of the meeting will be available in the April issue of **THE INTERIM**.

For more information about the March meeting or any of the Committee's activities contact Gordy Higgins at (406) 444-3064, or by e-mail at <gohiggins@state.mt.us>.

STATE ADMINISTRATION, PUBLIC EMPLOYEE RETIREMENT SYSTEMS, AND VETERANS' AFFAIRS COMMITTEE

Committee Continues Work...Continuing to work on several fronts, members of the State Administration, Public Employee Retirement Systems, and Veterans' Affairs Interim Committee (SAIC) conducted meetings on February 28 and 29 in Helena. The SAIC's Subcommittee on Military and Veterans Affairs continued to gather information on homeless veterans' issues, while the SAIC's Subcommittee on Disability and Retiree Health Care examined options for providing public employees with disability benefits and a means of addressing health care costs in retirement. Meeting agendas are available through the SAIC's web site, [http://leg.state.us/Interim_Committees/STATE ADMINISTRATION/index.htm](http://leg.state.us/Interim_Committees/STATE_ADMINISTRATION/index.htm).

SJR 9 Study of State Contracting...The SAIC's study of state contracting, commissioned in SJR 9, continues as the Committee members examine issues and identify options for further consideration. At the February 28-29 meeting in Helena, the SAIC reviewed the following contracting issues:

- ▶ clarifying the interest rate to be charged on late payments made by the State;
- ▶ refining the policy on "no-cost" procurements;
- ▶ establishing a process for distributing grant funds (through contracts);

- ▶ clarifying the application of the Montana Procurement Act among the various procurement activities of the State;
- ▶ public policy and individual rights regarding State contracts with current and former state employees;
- ▶ reexamining procurement protests;
- ▶ enhancing outreach by the State to businesses and vendors;
- ▶ education, training, and certification of procurement officials and contract managers; and
- ▶ assessing the adequacy of State procurement and contract management resources.

To Meet Again in March...The SAIC will meet again on March 30-31. Issues to be taken up at that meeting include:

- ▶ alternative procurement options;
- ▶ contract preferences for Montana residents, etc.;
- ▶ cooperative purchasing opportunities, e.g., university cooperatives; and
- ▶ information technology procurement.

The March meeting will also include SAIC action on preliminary directions taken at the February meeting.

To Conclude SJR 9 Work By May...Staff anticipates that the May 18-19 meeting will conclude the majority of the SAIC's work on the SJR 9 study of state contracting. Staff also anticipates distributing the Committee's findings, conclusions, and recommendations following the May meeting to allow for public review and comment. Final SAIC action on SJR 9 issues, to the extent further action is necessary following the May meeting, will be accommodated at the August 3-4 meeting.

Disability Benefits Study...The SAIC's Subcommittee on Disability and Retiree Health Care in February identified goals and objectives, discussed key policy issues, and decided on the scope of its work. In the area of disability, the Subcommittee discussed whether public employee disability coverage should be provided through the retirement plan, as has been done traditionally, or whether the Legislature should consider alternative approaches, such as providing a separate group insurance plan either through a commercial insurance provider and as a self-insured provider. Discussion also encompassed questions about whether a guaranteed level of disability benefits should be off-set against what an employee may get through their retirement plan, social security, workers' compensation, or other sources.

Retiree Health Care Costs Study...The Subcommittee on Disability and Retiree Health Care also examined how the rising costs of health insurance and medical care affect public retirees and the ways in which employees can begin to save for these costs through employer-sponsored accounts that offer tax-shelters to set aside money to pay these costs. This examination will continue at the Subcommittee's

March 30 meeting.

Homeless Veterans' Issues...On February 28, the Military and Veterans' Affairs Subcommittee heard from state agencies and interested persons on the activities of a recently established Veterans' Resource Coalition commissioned by the Department of Military Affairs to facilitate communication and coordinate services for homeless veterans. The Subcommittee was also briefed on federal benefits and services provided through the VA's Regional Medical Center at Fort Harrison.

CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES COMMITTEE

Committee Meets in February...The Children, Families, Health, and Human Services Committee met on February 25. Items on the agenda included:

- ▶ a report on FAIM Phase II;
- ▶ an update on the Children's Health Insurance Program;
- ▶ an update on the Developmental Disabilities Future Study; and
- ▶ a report from the Mental Health Managed Care Ombudsman and the Mental Health Managed Care Subcommittee.

Reports were also heard from the Montana Dental Access Coalition's working groups and on the Youth Behavior Initiative from the Office of Public Instruction. Time was dedicated to hearing from the members serving on the Governor's Advisory Council on Tobacco Use Prevention, from Project Challenge, and on foster care issues. A more in-depth report on the meeting will be available in the April issue of **THE INTERIM**.

To Meet in May...The next scheduled meeting for the Committee is May 12. All Committee minutes, reports, and agendas and a link to Montana Dental Summit Information have been posted to the new interim committee website at: http://leg.state.mt.us/interim_committees/. Please visit the website and let us know what you think!

For more information or if you wish to be placed on the interested persons list, please contact Susan Byorth Fox by phone at (406) 444-3597, by e-mail at <sfox@state.mt.us>, or mail to Legislative Services Division, PO Box 201706, Helena MT 59620-1706.

DISTRICTING AND APPORTIONMENT COMMISSION

Commission Issues Proclamation Supporting Census 2000...The Districting and Apportionment Commission issued a proclamation emphasizing the importance of

Census 2000 in Montana. With Census Day, April 1, 2000, getting closer, it is crucial to inform the public about the Census and how important an accurate count is for Montana.

"Growth is an extremely important issue in Montana, and an accurate Census in 2000 is essential to plan for that growth", said Janine Pease Pretty On Top, Presiding Officer of the Commission.

The United States Constitution mandates a census every 10 years to determine how many seats each state will have in the U.S. House of Representatives, the Montana State Legislature, and local government voting districts. Community leaders also use the count for everything from planning schools and building roads to providing recreational opportunities and managing health-care services. Information collected in Census 2000 will provide local area data needed to help communities receive federal funds and for private sector and community planning purposes.

The Census Bureau guarantees that the answers given on census forms are held strictly confidential and never shared.

For more information or if you wish to be placed on the Commission's interested persons list, please contact Susan Byorth Fox by phone at (406) 444-3597, by e-mail at <sfox@state.mt.us>, or mail to Legislative Services Division, PO Box 201706, Helena MT 59620-1706.

LEGISLATIVE SERVICES DIVISION

LEGISLATIVE LIBRARY

The following memorandums are available from the Legislative Library:

"Basic Principles of Full Cost Accounting" by Gordon Higgins

"Montana Law Relating to State Officer or Employee Interest in or Improper Influence in Regard to a Public Contract" by John MacMaster

"The Montana Workers' Compensation Act and the Applicability of the Exclusive Remedy Rule" by Eddy McClure

To obtain a copy of any of these memorandums, please call 444-3064 or e-mail a request to <efurbush@state.mt.us>.

LEGISLATIVE AUDIT COMMITTEE

To Meet in March... The Legislative Audit Committee will meet on March 30 in the 3rd floor Conference Room at the Board of Investments, 2401 Colonial Drive. The meeting will begin at 9:30 a.m. The following audit reports will be heard:

FINANCIAL-COMPLIANCE AUDITS

Montana State Library Commission (99-21)
Montana Arts Council (99-22)
Department of Commerce (99-15)
Department of Justice (9-17)
Department of Public Health and Human Services (99-13)
Department of Agriculture (99-19)
Department of Livestock (99-20)
Montana State University - all campuses (99-10)
Board of Regents/Commissioner of Higher Education (99-18)

PERFORMANCE AUDITS

Department of Fish, Wildlife, and Parks, Wildlife Division (98P-11)
Department of Corrections Inmate Medical Services (98P-10)
Department of Administration, State and Federal Surplus Property Program (99P-06)

PERFORMANCE FOLLOW-UP AUDITS

Department of Public Health and Human Services
Medicaid In-Home Services Program (98P-01)
Medicaid Clinical Laboratory Service Payments (97P-02)
Vocational Rehabilitation Program (96P-04)

INFORMATION SYSTEM AUDIT

Montana State University Banner 2000 Systems (00DP-04)

LEGISLATIVE COUNCIL

Council Meets in January...The Legislative Council met January 27 and 28. The Council discussed numerous issues, including judicial redistricting, districting and apportionment, televising legislative sessions, budget issues, legislative intern program, legislative committee minutes, and the search for a new director for the Legislative Services Division.

Judicial Redistricting...A study plan for a study to determine whether the Legislature should pursue judicial redistricting and comments on that topic by Judge John Warner of Havre were considered by the Council. The Council directed a subcommittee to proceed with the study as outlined in the plan. Information will be gathered between now and September. The Subcommittee will lay the groundwork for a more in-depth study next interim when the significant additional resources that would be needed may be acquired. The timeliness of redistricting will not be compromised because more than half of the District Court judges come up for election for 6-year terms in next year's general election, and the Montana Constitution prohibits removing a judge by changing boundaries.

The first part of the study is the gathering of relevant data from the State Court Administrator's Office and other sources. Preliminary caseload data is expected to be available in February or March 2000, and the variables that can be researched through this available data include mileage and caseload by number and type of cases. This information may be analyzed in order to determine if caseload disparity exists. Other data that can be gathered in the meantime include county population estimates, mileage calculations, and county impact data. Annual reports from the Montana Judiciary from 1998 and previous years are available, and the 1999 Annual Report is expected in the spring of 2000.

Staff will prepare a preliminary analysis for the Subcommittee based on available information. Mileage and caseload information will present only a partial picture of the amount of work that is required of a judge. The Subcommittee must decide whether the quality and amount of the data and information are sufficient to determine whether redistricting is necessary and in turn, if there is enough information with which to redistrict. Preliminary staff analysis suggests that sufficient data may present a general picture on caseload disparity, but a true workload analysis necessary to determine judicial workloads is not available at this time, and, therefore, redistricting itself should be postponed until next interim.

If the data is not sufficient in order to analyze judicial workloads, additional information that is necessary regarding workloads will have to be gathered directly from the counties because most of that information is not gathered at the state level. District Court judges, clerks of District Court, court reporters, and juvenile probation officers each may have additional information that affects and reflects upon judicial workloads. County commissioners and treasurers may have additional funding information.

Caseload statistics only reveal part of the workload and are not necessarily reported consistently among counties. Different types of cases have different requirements and characteristics, such as whether they are handled formally or informally, supervised or unsupervised, with each circumstance affecting whether a significant amount of time is spent on the case. Cases may be treated differently among judicial districts. There are administrative and other duties and responsibilities that are not reflected in caseload statistics.

The second part of the study may include analysis of the potential ramifications of redistricting, which may include: the election cycles of the judges within the judicial districts and the factors that a potential transition cycle may entail, the potential costs of redistricting to the counties and to the state, and other effects of redistricting. Costs to counties include additional space and equipment and possibly additional court personnel. These direct costs would be offset by any savings that the county would no longer be reimbursing other counties in a former judicial district. Depending on the recommendations that result from the first part of this study, the second part may not be as involved with major work deferred until a future interim.

Currently, there is a study of court funding authorized through Senate Bill No. 184 (Ch. 584, L. 1999), staffed by the Department of Administration in conjunction with the Department of Revenue that may be useful in gathering data on the costs

of redistricting. Recommendations from this study may affect the proportion of judicial redistricting costs that would be the responsibility of the counties or the state. In addition, the experience of the impact of the new 22nd Judicial District and the additional judge in the 11th Judicial District may provide some useful impact information.

Districing and Apportionment...The Legislative Services Division is statutorily required to provide support services to the Districting and Apportionment Commission. The Commission is dissolved upon the filing of a redistricting plan, approximately 3 years after a census is taken. Between decennial censuses, there is a U.S. Bureau of the Census Redistricting Data Program intended to support redistricting activities. The first two phases of the program solicit information from the states and are voluntary. As redistricting has become more litigious, the information that is developed by these programs is increasingly important for both the process of redistricting and in defending any plan. There are other benefits to election administration at both the state and county level and to everyone that is interested in voting information.

Although Montana initially indicated an interest in participating in a U. S. Bureau of the Census program that gave states an opportunity to outline election precincts to be incorporated into geographic-based files so that census data (population data reported in geographic-based units) that is used for redistricting could be reported to the state by election precinct. This problem has persisted over the last two decades in regard to the U.S. Census Bureau and specifically to the Legislative Services Division as the technical support to the Districting and Apportionment Commission. The Legislative Council approved a proposal to allow staff to explore options to meet the state's identifiable needs in the future. Various options that will be explored include assigning the responsibility for the Block Boundary Suggestion Project and the Voter Tabulation District Program to an Executive Branch agency for which the resources may be more relevant to their data operations such as the State Data Center within the Montana Department of Commerce or the Elections Bureau of the Secretary of State's Office. There are a number of issues involving local and state government, technical expertise, staffing, and funding that must be addressed.

Search for New Director...Based on a recommendation of the Personnel Subcommittee, the Council approved releasing an announcement for the position of executive director. The announcement will be released soon. Council members intend to have a person hired in time to work with Bob Person until his departure at the end of December this year.

Televising Legislative Sessions...The Council heard a report from the Public Information Subcommittee regarding the televising of legislative sessions. The report included Subcommittee members' observations on their recent trip to Washington state to observe that state's televised legislative coverage. Washington offers unedited, gavel-to-gavel coverage of the state House and Senate, selected

legislative hearings, governor's meetings, Supreme Court hearings, and other events. The broadcasts run 24 hours a day, seven days a week, every day of the year, and broadcasts are also posted on an Internet website where people may watch and hear them.

A more complete report on this issue can be found in the **PUBLIC INFORMATION SUBCOMMITTEE** article in this newsletter.

Budget Issues...The Council reviewed the schedule for development of the Legislative Branch budget and directed development of decision packages that would support additional legislator education and development through reestablishment of an appropriate level of participation in interstate legislative organizations including the National Conference of State Legislatures and the Council of State Governments - West. The Council will next consider these issues at its June and September meetings.

The Council adjusted the interim committee budgets based on current estimates related to each committee's activities. Interim committees and a number of other interim activities are funded through budgets incorporated into one Legislative Branch Program, Program 21. Included in these budgets are those for the Legislative Council, Environmental Quality Council (EQC), the six interim committees, the Electric Utility Restructuring Transition Advisory Council (TAC), the Districting and Apportionment Commission, and dues, as appropriated, for the National Conference of State Legislatures and the Council of State Governments.

The default allocations derive from the Legislative Council's budget submission and subsequent legislative action. The six interim committees were funded as proposed, with an average default allocation of \$25,000. There is a contingency budget of \$100,000 appropriated to enable some flexibility in Legislative Council allocations for interim activities. Here is an outline of the changes:

Legislative Council subcommittees:

Personnel Subcommittee	\$ 3,000
Public information Subcommittee	10,000
Judicial redistricting	1,000

Environmental Quality Council Subcommittees

Eminent Domain Subcommittee	\$11,744
MEPA Subcommittee	14,256

Interim Committees

Business, Labor, and Agriculture	\$18,847
Education and Local Government	19,551
Children, Families, Hlth & Hum Svc.	11,676
Subcommittees	4,423
Law, Justice, and Indian Affairs	26,087
Revenue and Taxation	25,357
St. Admin, Ret. Sys., and Vet's Affairs	25,000

Legislative Council on River Governance \$10,000

Legislative Intern Program...The Council authorized advertisement of the Legislative Intern Program on Montana college campuses this spring and to undertake a review of the program with an eye to incorporating it as a vital strategy in improving public education regarding the Legislature. The program, established as a means for providing direct hands on opportunities for Montana college students in political science and related fields to learn the job of a legislator, has languished over the last 15 years. If it is to be revitalized, a number of steps will need to be taken. Those steps may include provision of a stipend for the students and increased attention to the content of the experience provided to them at the Legislature. The Council will be giving further consideration to these matters in coming meetings.

Printing Technology Update...Beginning in January, the Legislative Services Division has begun to provide camera ready copy for the Montana Code Annotated Annotations to the printer electronically. This is another in a series of significant technological advances in the printing processes. No longer will it be necessary to produce the entire document locally on high quality paper and ship it to the printer to be photographed. Instead, an electronic file is transmitted by file transfer protocol to the printer where the printing plates are produced electronically. This is another significant increase in efficiency that will help keep prices for division publications at their current low rate despite increases in the total number of pages printed and increases in shipping costs. The Council approved a staff recommendation to keep the price for this year's Annotations updates at the current level of \$310 per set, including shipping costs.

Legislative Committee Minutes...Following the 1995 session, the Legislative Council undertook a study of legislative session committee minutes and submitted a report to the Legislature. Based on that report and related discussions, the House of Representatives changed the way in which the record of session committee meetings is kept, printing only a record of committee actions and relying on tape recordings to capture the content of discussion. Problems have, however, plagued the system. Many users have expressed dissatisfaction including, notably, the State Archivist, librarians, and members of legislative staff. Many, including the Chief Clerk, recognize that improvements must be made to the current system. The Council heard from a number of these folks and were presented with a list of options. While the decision is ultimately up to each house of the Legislature and its leaders, Council consideration of alternatives, including the application of improved technologies, may be helpful.

The following options were presented, with further review to be undertaken later:

1. Provide an exact transcript of the sponsor's opening statement (or opening and closing statements).

Advantages: a fairly simple step; would record original intent in an

accessible way.

Disadvantages: only gives the sponsor's point of view.

2. Require that the committee summarize the reasons for its actions in writing.

Advantages: could be an authoritative, accessible statement.

Disadvantages/questions: would the committees take this seriously? who would write these reports?

3. Commit resources and/or use court reporters to transcribe significant committee hearings in searchable electronic format.

Advantages: would produce an excellent, accessible record.

Disadvantages: cost--a rough estimate for court reporters would be a minimum of \$400 for a 2 hour meeting.

4. Give session secretaries time, resources, and support to produce brief summary minutes.

Advantages: traditional system, appreciated by users.

Disadvantages: requires the secretary to perform editorial interpretation; demands a high level of secretarial knowledge and expertise to be done correctly; cost.

5. Expand the broadcasting of sessions to include recording and preserving the audio and/or video record.

Advantages: funding from outside the Legislature may be available; a real-time Internet-available and searchable recording may be possible.

Disadvantages/questions: many unknowns as to equipment and procedures; questions of effective storage and searching capabilities would need to be investigated; possible high costs.

6. Improve recording technology for committee meetings and formalize procedures to allow for more accessible recordings indexed by speaker.

Advantages: accurate, improved record

Disadvantages/questions: cost unknown; potential for a significant investment which results in minimally improved and still frustrating record.

7. Include the Committee of the Whole in any or all of the foregoing.

Advantages: a much fuller record of legislative intent.

Disadvantages/questions: cost and complexity; storage capabilities; how searchable would the record be?

8. Provide only basic minutes in a minimal format without preserving tapes.

Advantages: cost and time savings in production, storage and research; less frustration in dealing with tapes; no erroneous records.

Disadvantages: no possibility of getting at what happened in committee

hearings and action and why actions were taken; potential for significant negative public relations impact.

To Meet Again in March...The Council set its next meeting for March 30 and 31.

LAW, JUSTICE, AND INDIAN AFFAIRS COMMITTEE

LJIAC Web Page Introduced...As reported in the first article of *THE INTERIM*, the Legislative Branch staff have been performing major reconstructive surgery on the Branch's Internet web pages. The Branch's main pages contain general information about the Legislature, previous legislative sessions, Legislative Branch Divisions (Fiscal, Audit, Services, Environmental Policy, and Consumer Council), and staff. In addition, each interim committee has its own page, maintained by each committee's research staff.

At the February 10 and 11 meeting of the Law, Justice, and Indian Affairs Committee (LJIAC), members were introduced to the LJIAC web page and its features. The address for the LJIAC's main page is: http://leg.state.mt.us/InterimCommittees/LAW_JUSTICE/index.htm. New documents and links are added periodically but among the features a web surfer can currently find are: direct links to the Department of Corrections (DOC) and the Department of Justice web pages, as well as a link to the Montana-Wyoming Tribal Leaders' Council web page; the Committee's enabling statute and membership information; the 1995 Tribal Nations Handbook produced by Legislative Services Division staff; study plans and reports on each of the studies assigned to the LJIAC; a separation of powers overview that was presented to the Committee at its December 10 meeting; and all of the LJIAC's meeting minutes as they have been approved by the Committee. Volumes of information formerly kept in personal computer directories and committee files are now readily available to anyone with access to a computer. Through these developments, "public access to the Legislature", one of the areas identified by the Legislative Council as needing attention, has been greatly enhanced. Readers of *THE INTERIM* and interested members of the public are invited to peruse the LJIAC page and e-mail Committee staff with any comments or questions. If a link does not take you where you thought it would, if you are unable to read a document, or if you think of information that might be appropriately included on the page, feel free to comment.

Committee Looks at Pre-sentence Investigations...Also during the February 10 and 11 meeting, the DOC presented the LJIAC with an overview of pre-sentence investigations (PSIs) and a look at some of the changes that are imminent in the Department's probation and parole policies. A PSI is a lengthy report conducted by a probation and parole officer on about 70% of felony cases prior to sentencing. Information contained in a PSI includes a defendant's legal status, identification, family, employment, and financial background, criminal history, circumstances of

the offense, the defendant's statement, the impact of the offense on the victim, and the officer's recommendation for sentencing and conditions for parole or suspended sentence. The DOC reported to the Committee that the recommendations made by the probation and parole officers through PSIs are generally accepted by the sentencing judges at a high rate. There have been attempts at amending statute to require PSIs on every defendant, but they are currently optional and conducted at the discretion of the county attorney and the court.

Inmate Classification Discussed...Staff from the Montana Women's Prison appeared before the Committee to explain the inmate classification procedure. The classification instrument and a sample inmate data sheet were provided to the Committee members. Note: All handouts given to Committee members are maintained as exhibits in the Committee's permanent meeting file and are available to the public.

Court Funding and Structure...The Court Funding and Structure Committee, established in Senate Bill No. 184 and staffed by the Departments of Revenue and Administration, has been meeting to discuss, among other things, state-funded district courts. The Court Funding and Structure Committee's membership, as provided in Section 168(3) of SB 184 includes Representatives Ron Erickson and John Witt and Senators Jon Tester and Walter McNutt. Also serving on this Committee are District Judges Joe Hegel (16th Judicial District) and Kenneth Neill (8th Judicial District) and representatives of local governments, municipal courts, and court clerks. The LJAC heard a report on the activities of the Court Funding and Structure Committee, including an overview of some of the transition issues and implications surrounding state-funded district courts.

Committee Discusses Indian Issues...Denise Juneau and Mike Jetty, Office of Public Instruction, appeared to provide the LJAC with a presentation about the status of Indian education in Montana. The Committee also received an update from Lori Ryan, Office of the Coordinator of Indian Affairs, about the hiring of staff authorized by House Bill No. 670, the Indian Economic Development Act. Ms. Ryan also informed the Committee about the appointment of a new Coordinator, Donald "Louis" Clayborn, to replace Wyman McDonald who has recently retired.

To Meet in Shelby and Browning...The LJAC's next scheduled meeting dates are April 13 and 14 in Browning and in Shelby. For more information on the LJAC, contact Leanne Kurtz, Committee staff, at 444-3064, or via e-mail at <lekurtz@state.mt.us>.

PUBLIC INFORMATION SUBCOMMITTEE

HJR 18 Broadcasting Study Looks at Delivery Options...The Legislative Council's Subcommittee on Public Information, which is undertaking a study of

televising the Legislature, heard comments from a number of interested parties from the private sector and public broadcasting at its January 27 meeting. Much of the discussion centered on the technological means of delivering state government television programming from the Capitol complex in Helena to as many households as possible in the state. There are a variety of options, each with its own array of costs and technical hurdles.

- ▶ Montana Public Television, the state's PBS affiliate (entailing a partnership between MSU in Bozeman and UM in Missoula), has an abiding interest in traditional broadcasting, over the airwaves, as well as a compelling need to meet national policy directives to provide its signal in digital format.
- ▶ AT&T Cable Services, the largest cable TV operator in the state, is also engaged in providing digital services, a costly venture but one that greatly expands the number of channels (and hence the variety of programming) to its customers. In addition, a division of AT&T is also building glass fiber "backbones" to deliver bundled bandwidth service (voice, data, and video). The company also offers "The Big Sky Channel" in a number of communities across the state, with limited public service programming and a variety of types of advertising.
- ▶ Montana Power's Touch America is another company involved with the construction of major fiber optic networks through Montana and across the country. MPC has been cablecasting sports events over AT&T's system as a public service, using a satellite link to and from Denver, Colorado.
- ▶ Streaming Solutions is a company that develops and deploys software and switching technologies based on Internet communication protocols but not limited to distribution solely via computers.

The Subcommittee is making further inquiries into each of these arenas, with a view toward figuring out how various entities in the telecommunications industry could work with the state Legislature and others to fashion an interconnected system that can deliver high quality signals to television sets (and PC monitors) across the great expanse of Montana.

Subcommittee Reports on Progress...In its progress report to the Council, the Subcommittee presented a basic outline of its perspective and findings to date (summarized below). The members also addressed a number of policy-oriented questions, such as the risk (or opportunity!) that some legislators would "grandstand" or otherwise "play to the camera" or that programming decisions, such as which hearings would be covered and when, could be subject to partisan political manipulation. These challenges have been successfully dealt with in other

states, and the members of the Subcommittee are taking a close look at how gavel-to-gavel coverage is managed in Washington, Minnesota, Pennsylvania, and a number of other states.

To Visit Minnesota...The Subcommittee's next venture is to visit on March 9-11, the Minnesota Legislature's in-house operation, which is actually two distinct units, for the Senate and the House. The Subcommittee's work plan outline and schedule are accessible to Internet users at the Legislative Council's home page, located at <http://leg.state.mt.us/Services/LegCouncil.htm>. Paper or electronic copies of these same documents, as well as forthcoming reports, are also available on request from Research Analyst Stephen Maly by calling 444-4064 or sending an e-mail to <smaly@state.mt.us>.

Helena Meeting Canceled...Please note that a meeting scheduled for Helena on March 8 has been postponed indefinitely. The rest of the schedule remains, for now, intact.

Progress Report on Televising the Legislature & Other Activities of State Government

Purposes for Providing This Service:

- ▶ unfiltered and convenient citizen access to legislative & other proceedings;
- ▶ enhanced accountability and credibility of state government;
- ▶ civic education for Montana citizens; and
- ▶ more complete and accessible public records.

Pitfalls and Proactive Remedies:

- ▶ politicization (avoidable through non-partisan governance and programming);
- ▶ exploitation (preventable by gavel-to-gavel coverage and strict use policies); and
- ▶ distraction (mitigated by unobtrusive operations).

Price Tag Considerations:

- ▶ 3+ types of organizational models (C-Span, in-house, non-profit, hybrids);
- ▶ public-private partnership for cost sharing: cash and in-kind contributions;
- ▶ state-wide carriage (i.e. distribution) of television signal;
- ▶ audio-video streaming over the Internet; and
- ▶ marketable products and services.

POSTSECONDARY EDUCATION POLICY AND BUDGET SUBCOMMITTEE

Subcommittee Meets in February...The Subcommittee on Postsecondary Education Policy and Budget (PEPB) met on February 10 and heard reports on a number of issues, including the nonresident tuition lawsuit, the college of technology 1.5 mill levy lawsuit, and comparisons of the Montana University System (MUS) with systems in other states.

Nonresident Tuition Lawsuit...Chief Legal Counsel for the Commissioner of Higher Education, Leroy Schramm, outlined the claims in a nonresident tuition lawsuit against the University System. The three plaintiffs are former nonresident students who established legal residency in Montana, but who were denied resident student status based on a Regents' tuition policy. That policy states that a nonresident cannot establish residency for tuition purposes if the student enrolls for more than six credits per term in the Montana University System. Mr. Schramm outlined the progress of the case to date, emphasizing that the University System has filed a motion to dismiss on technical grounds.

College of Technology Levy...Eddy McClure, Legislative Services Division attorney, presented an update on the lawsuit by two Cascade County taxpayers against the Department of Revenue, claiming the 1.5 mill levy in the five counties having colleges of technology is unconstitutional because it violates the equal protection clauses of the United States and Montana Constitutions. The basic argument is that the colleges of technology are now state schools and there is no rational basis for funding these units by a local levy when the other units are funded by a statewide levy. The opposing argument is that those colleges have a separate mission that is geared to the local labor market, which does constitute a rational basis for unequal treatment of taxpayers.

Comparisons of MUS to Systems in Selected States...Sandy Whitney, Legislative Fiscal Analyst, presented three reports detailing student, faculty, and funding data for university systems in selected states; similar data for Montana peer universities in those states; and the differences and similarities in the governance, budgeting, and appropriations processes. The basic public policies highlighted are those noting that Montana has generally lower funding per student, similar tuition, less state support per student, and marginally competitive faculty salaries especially in the smaller units. Montana is also the only state that provides a total lump sum budget to the University System, leaving financial management to the discretion of the Board of Regents.

Subcommittee Recommends Continued Lump Sum Funding...Based on these and earlier reports, the Subcommittee voted to recommend that the 2001 Legislature continue the practice of lump sum funding. This recommendation fulfills

the SJR 16 requirement that the Subcommittee evaluate the effectiveness of lump sum funding.

Subcommittee to Meet in May...The Subcommittee will meet again on Thursday, May 11, in Room 487 of the Federal Building.

TRANSITION ADVISORY COMMITTEE

Committee Holds Third Meeting...The Transition Advisory Committee (TAC) held its third meeting of the interim on Thursday, February 17, at the Department of Environmental Quality in Helena. The agenda was full, and the members gained considerable insight into the current state of affairs at about the half-way point in the transition period. The draft minutes of the meeting will be available from staff or the TAC web site in early March.

In general, much of what was anticipated and indeed spelled out in Senate Bill 390 (1997) and subsequent legislation in 1999, most notably SB 406, has had to be delayed or postponed as a consequence of unexpected decisions, followed by slow or uncertain outcomes. For example, Montana Power Company's sale of its generation assets required the segregation of issues relating to the company's transition plan filing with the Public Service Commission into two separate tiers. Closure of the sale did not take place as quickly as expected, which meant an even more protracted process for the PSC. On another front, the Montana Electricity Buying Cooperative created under SB 406 ran smack into a figurative brick wall when the Bonneville Power Administration--after much delay--finally issued its record of decision regarding standards for service, with the result that the MEBC is not qualified to purchase BPA's least expensive power. All of this and more point toward continued difficulties in ascertaining whether the transition to retail competition is going to work out as planned or not; a number of key issues are still hanging in abeyance, while the clock continues to tick. In short, the "suspense" of the transition period continues to mount.

Montana Power Discusses Sale to PP&L...Montana Power Company (MPC) officials explained some of the consequences of the sale to PP&L. The transfer of ownership, as well as technical personnel, has gone remarkably smoothly. The price MPC received will enable the company to voluntarily reduce rates for their customers, but it does not cover the cost of buying out long term contracts with small power producers, known as Qualifying Facilities. MPC gave the TAC a preliminary estimate of \$400 million in these remaining "stranded costs", which will be paid by customers as Competitive Transition Costs, or CTCs. The actual amount of the CTC charges will be determined by the PSC, and the method of determining them is a major controversy; MPC announced at the meeting that it is filing suit against the Commission. The lawsuit will ineluctably cause further delays in the regulatory proceedings required by law.

TAC Hears About Barriers...In a round table discussion of "barriers to entry" into the retail market for electricity supply, the TAC heard a number of references to two key features of the transition process (and the law) that deter power marketers from Montana: the price moratorium in effect until 2002 and the continued uncertainty about the amount of CTCs customers will have to pay into the future. As market prices for electricity have gone up in the region since the passage of SB 390, and since the price Montana Power negotiated with PP&L to "buy back" sufficient power to serve MPC customers for the remainder of the transition period is below market, there is limited incentive for other firms to compete for residential and small business customers in MPC's service territory. A representative from Energy West discussed the difficulties that firm is facing in the Great Falls area, having successfully attracted nearly 1,000 former MPC customers with a bargain price a year or more ago, which has since gone up. The head of Commercial Energy, a Cut Bank company that supplies businesses in various parts of the state, reminded the Committee that the rate moratorium, while a brake on competition, nevertheless is ensuring that MPC customers are paying less during the transition period than they would be absent SB 390.

Default Supply Revisited...The issue of default supply was revisited, and while the TAC took no formal action on the matter (having passed a motion at their November 5 meeting to help guide the PSC), the members did talk about the possibility that at least one default supplier could be designated by the Commission within this calendar year, while that supplier's obligation to actually serve customers might be delayed until the end of the transition period, in 2002. Representatives of the Montana Electricity Buying Cooperative reminded the Committee that its ability to function, as stipulated in SB 406, is predicated on it being named a default supplier, and that it would likely take at least a year to secure contracts for power with a wholesale supplier. Barring any change in statute, the formal resolution of this matter rests with the PSC.

Other Issues Discussed...Following a presentation from Senator Tom Beck, the TAC pledged its non-financial support for and cooperation with the Montana delegation to the Legislative Council on River Governance, a group of legislators from four Northwest states concerned about the complex cluster of issues surrounding the multiple uses of the Columbia River.

The Committee adopted a budget to guide its expenditures through July, 2001. The TAC is authorized by law to spend \$100,000 during the interim (all of the monies are donated), but the members determined that \$75,000 would meet all foreseeable needs.

To Meet in Billings...The next meeting of the TAC will be in Billings. The current schedule has April 21 as the date, but this will likely change to a different date in the same month. (Look for a date certain in the April issue of *THE INTERIM*, or on the TAC web page.)

For additional information about TAC, please contact Stephen Maly at (406) 444-3064, or send an e-mail message to <smaly@state.mt.us>. Internet users are invited to visit http://leg.state.us/Interim_Committees/TAC.

COUNTDOWN TO CENSUS 2000: APRIL 1, 2000

DISTRICTING AND APPORTIONMENT COMMISSION PROCLAMATION

WHEREAS, the next Decennial Census will be taken in the year 2000 as required under Article 1, Section 2, of the United States Constitution; and

WHEREAS, the State of Montana is in one of the fastest growing regions in the nation and an accurate census is essential in determining the apportionment of seats in the United States House of Representatives, the Montana State Legislature, and local government voting districts; and

WHEREAS, governments, large and small corporations, nonprofit organizations, religious organizations, educational and research institutions, and local businesses require accurate information for allocation of federal tax dollars; for grants, investment, job development, and marketing guidance; for locating schools, day care centers, senior citizen centers, and hospitals; and for determining the impact of educational, health, and social programs; and

WHEREAS, a full and accurate census count in Montana is vital so as to prevent the significant undercount of populations undercounted in 1990, such as Native Americans, children, the elderly, and the homeless; and

WHEREAS, individual census records are confidential for 72 years and federal law prohibits any public or private agency from gaining access to confidential census data.

NOW, THEREFORE, WE, the members of the MONTANA DISTRICTING AND APPORTIONMENT COMMISSION, do hereby encourage all Montanans to support the United States Census Bureau and to fully participate in Census 2000.

Dated January 21, 2000.

Signed,
Janine Pease Pretty On Top, Presiding Officer

Jack Rehberg
Joe Lamson
Sheila Rice
Elaine Sliter

Other Census News...Census Director Kenneth Prewitt addressed the NCSL Leader to Leader meeting and introduced the program called "How America Knows What America Needs". Between March 27 and April 11, the Census Bureau will post daily on its web site the mail return rate for each of the 39,000 state and local governments in the country. This phase of the program is know as "'90 Plus Five" and its aim is to get every jurisdiction to improve its 1990 mail return rate by at least 5 percentage points. He encouraged legislative leaders to make sure the mayors and heads of other local governments in their districts were participants. More information on this program and its second phase--"Because You Count"--is available at www.HAKWAN.com.

A reminder to all to support "Teach Census Week", March 13 through March 17, the week that census forms arrive in most mail boxes. For more information visit <http://www.census.gov/dmd/www/schindex.htm>.

THE BACK PAGE

THE JOBS AND INCOME BLUEPRINT: THE IMPACT OF THE HB 260 DECISION ON PROGRAMS DESIGNED TO SPUR ECONOMIC DEVELOPMENT IN MONTANA

By Gordy Higgins, Research Analyst
Legislative Services Division

INTRODUCTION

Before and during the 56th Legislative Session, a joint effort among several Executive Branch agencies, the Governor's Office, the Montana University System, and the Joint Select Committee on Jobs and Income led to the development of an economic development policy to improve Montana's economic future. The Departments of Agriculture and Commerce were the principal agents in this endeavor. The policy package sought to identify areas in which Montana was facing challenges in increasing its economic activity and to develop policy initiatives and implementation strategies to achieve positive effects. The economic development package was designed to facilitate an increase in Montanans' personal income, reduce the number of Montanans forced to maintain multiple jobs, provide tools to Montana producers that would add value to Montana products, increase the competitiveness of Montana in the arena of attracting and keeping new businesses, and establish a stable and sustainable research community in the state.

The action items were separated into two components. The first addressed adequate funding of research and commercialization efforts that existed within the University system and at other private, nonprofit research centers. The second component directed its attention to retaining, expanding, and recruiting new businesses and ensuring that these businesses had access to resources to get their products to new and existing markets. Originally, the research and commercialization component was to be funded through the creation of a "trust within the trust", and the interest generated was to be used for matching funds for a variety of research proposals. The remaining economic development programs were itemized in House Bill No. 252 and designated as the jobs and income appropriations bill. When the session adjourned, both components had been combined into House Bill No. 260 (HB 260) and funded by allocations received from the newly created coal producers' license tax.

FIRST COMPONENT: MARKETING, BUSINESS ASSISTANCE, AND LOCAL CAPACITY

Under HB 260, \$2.5 million of the amount collected from the coal producers' license

tax was allocated to the agricultural seed capital account (account) for purposes identified in Title 90, chapter 1, part 1, and Title 90, chapter 9, part 2. According to section 90-9-301, MCA, the account is to be used for loaning money, for which matching money is available, to support research relating to innovative organizational improvements in agricultural businesses and to the commercialization and marketing of new agricultural products or processes. The account is the funding component of the Montana Growth Through Agriculture Act (MGTA), which was designed to strengthen and diversify the state's agricultural industry by establishing public-private partnerships to assist in developing and improving products and production techniques, creating new jobs, and expanding small business opportunities. It is assumed that the allocation was for each year of the biennium, however, the language contained in HB 260 did not specify that fact.

Section 90-9-202, MCA, establishes the powers and duties of the Agriculture Development Council (ADC), which serves as the decisionmaking body with regard to awarding grants and making investments related to the policies set forth by the MGTA. According to statute, the ADC shall make loans or investments for commercialization efforts, supporting agricultural business incubators, market development activities, research, and technology transfer.

The reference to Title 90, chapter 1, part 1, represents an agreement between the Department of Commerce and the Department of Agriculture to use the account as the primary account for funding a variety of economic development initiatives. The provisions of the part contain the state's economic development policy woven among other statutory duties of the Department of Commerce. Generally speaking, the part provides for:

- ▶ coordinating and assisting regional development organizations;
- ▶ developing long-term and short-term economic development strategies;
- ▶ providing business assistance;
- ▶ maintaining information on areas where development could occur; and
- ▶ accepting grants on behalf of the state from the federal government.

Specifically, section 90-1-105, MCA, establishes the Department's role in encouraging economic development activities in the state. Section 90-1-116, MCA, address the certified communities strategy, first enacted in 1993, but funded through the allocation identified in HB 260.

SECOND COMPONENT: RESEARCH AND COMMERCIALIZATION

After the direct allocation to the account, 33.3 % of the remainder was to be allocated to the research and commercialization expendable trust fund and distributed to qualified applicants according to policies and procedures adopted by the Research and Commercialization Board. Projections placed this amount at approximately \$5 million for each year of the biennium.

When taken together, these provisions represent the state's economic development package as envisioned by the Jobs and Income Blueprint.

DEPARTMENT OF AGRICULTURE

The agriculture economic development activities contained with HB 260 originated from the Vision 2005 Task Force on Agriculture. Ten objectives were combined into three primary legislative initiatives to stimulate Montana's economy--Investment in Agriculture (MGTA), Agricultural Product Promotion, and Agricultural Business Assistance. These initiatives were originally introduced as part of HB 252 and were eventually amended into HB 260. While some of the objectives are being pursued using existing staff and funding avenues, the Task Force was specific in noting that additional funds, as originally proposed by the Legislature, are necessary and critical to meet the program's full objectives.

Investment in Agriculture (MGTA): designed to create a source of low-cost, long-term capital for investment in agricultural-related businesses.

Under HB 260, the additional funds would be utilized to strengthen and diversify the state's agricultural industry. The funds would have established public-private partnerships to assist in the development of innovative organizational improvements and the commercialization and marketing of agricultural products. The funds would be used primarily for:

- ▶ grant programs to agricultural businesses for feasibility and marketing studies and business plan development;
- ▶ low-interest and guaranteed loan programs through the ADC; and
- ▶ development of sustainable new markets for Montana agricultural products.

Under the base funding provided to the MGTA program, five projects, totaling \$61,248, have been approved for funding. The MGTA base funding level was not affected by the demise of HB 260.

Ten projects were approved pending the increase to MGTA as contemplated under HB 260. These projects totaled \$254,320. Three grant applications are pending in the latest granting cycle that total \$114,890.

Agriculture Product Promotion: designed to increase domestic and international agricultural product sales by 500% by the year 2005.

The following action items were determined to be priorities under the increase in funding to the MGTA program and would require additional Department staffing assistance:

- ▶ identify opportunities and resources available to agricultural producers;
- ▶ improve communications between agricultural producers and

- companies;
- ▶ develop and act on trade leads from domestic and international sources;
- ▶ assist businesses with response development and delivering responses to appropriate markets;
- ▶ provide appropriate followup of distribution, financing, marketing, and cultural exchanges.

Agricultural Business Assistance: designed to use funds from HB 260 to identify the infrastructure for business development assistance, to identify business assistance options including educational opportunities, and to provide direct assistance to Montana agricultural businesses.

Primarily, the funds allocated to the Department under this strategy would be used for the following:

- ▶ assist new or expanding businesses locate financial support, improve transportation efficiency, assist with regulatory compliance, and support increased value of agricultural products by improving production efficiency; and
- ▶ develop electronic information for business assistance and irrigation services that identifies the available assistance opportunities by partnering with the university extension services, the manufacturing extension center, and Montana techlink.

The Department, in conjunction with the Vision 2005 Task Force, has identified several benchmarks for the agricultural business assistance and marketing programs to judge the initiative's effectiveness. The following are a few of the highlights and a description of the successes achieved using existing funds and staff resources outside of the increase proposed by HB 260.

- ▶ Increase by 17, by the end of FY 2001, the number of agricultural businesses receiving assistance in development, expansion, and marketing activities. To date, two businesses have received this type of assistance from the agency.
- ▶ Increase livestock and livestock products exports by 5%. As of January 2000, 108,000 feeder cattle were shipped to Canada during the current vector season. The agency also hosted an Argentine trade mission to increase seed stock sales of Montana cattle.
- ▶ Provide assistance to 20 additional business seeking entry into domestic and international trade shows each year. Currently, the Department has worked with five businesses.
- ▶ Provide for a 10% increased return on Montana's value-added

agricultural products. Three programs, receiving funding under the base funding from MGTA, are in operation.

- ▶ Work with Montana's livestock industry to develop one new foreign market each year. This year's new market will be China.

The Department of Agriculture has taken the necessary steps to interview candidates for the FTE allocated by the Legislature, but has not hired those employees. Depending on whether the Legislature identifies a funding source for the economic development package and depending on the level of funding, the Department will notify the successful applicants and bring them on board. The Department has also taken grant applications under the MGTA program for additional projects using funds originally proposed under HB 260. At present, those projects are on hold pending the Legislature's funding decision.

DEPARTMENT OF COMMERCE

The Department of Commerce has identified a number of economic development strategies that work in conjunction with the strategies identified by the Vision 2005 Task Force or, in some instances that work separately.

Like the Department of Agriculture, the Department of Commerce has also identified a series of benchmarks that successful funding of the economic development initiatives would have met. What follows is a brief look at a few of those benchmarks.

- ▶ Double manufacturing employment by 2005, currently at 6.7% of the workforce.
- ▶ Increase the accessibility of high-speed telecommunications infrastructure by 30%.
- ▶ Increase the number of small businesses that receive ongoing technical assistance by 25%.
- ▶ Reduce the number of multiple job holders from 10% to 8%.

To meet these needs, the Department of Commerce outlined several major initiatives within which are specific policy programs. The following provides a brief description of each.

Strategic Business Expansion - Business Recruitment

The Department proposed to create a permanent business recruitment office to coordinate business expansion opportunities in the state. Currently, no program is available to conduct the aggressive recruitment functions needed

to market Montana as a possible site for business relocation. The money would be used to:

- ▶ conduct a national site location survey;
- ▶ select target industries that meet the state's new business location criteria; and
- ▶ conduct a proactive business attraction campaign including trade advertising and business recruitment missions.

The Department anticipated spending approximately \$300,000 in each year of the biennium.

Market Development - Marketing, Trade Shows, and Foreign Trade

This initiative reflects the Department's plan to expand the presence of Montana products and businesses in national and international markets. There are several specific programs contained within this initiative, including:

- ▶ developing new niche and foreign markets;
- ▶ providing assistance to small businesses in developing cost-effective strategies that help develop markets, increase sales, and improve profitability; and
- ▶ encouraging and promoting activities that assist in marketing products to national and international markets.

Market development is a shared responsibility between the Departments of Agriculture and Commerce. General product trade and marketing shows fall within the purview of the Department of Commerce. Marketing the state's agricultural products is the responsibility of the Department of Agriculture. It was anticipated that this initiative would cost \$600,000 for the biennium.

High-Value Products - Technology Transfer and Use, SBIR, MMEC

Fostering a sustainable research industry was one of the many goals identified in the jobs and income proposal. The Research and Commercialization Board, small business innovation research grants, and the funding of the Montana Manufacturing Extension Center were identified as specific programs in need of funding support. The funding proposed would have assisted the state in meeting the following objectives:

- ▶ create a broader commercial base focused on technology transfer and technology development;
- ▶ improve the efficiency of Montana manufacturers; and
- ▶ expand the state's technology businesses to take advantage of current and future research developments.

The Research and Commercialization Commission established under HB 260 has been appointed. During their meetings, the members agreed to develop the vision and mission statements and begin the process of drafting rules that include the policies and procedures for accepting and awarding grants for

research activities. The position description for the executive director has also been written. The Commission, like many of the programs included in the Department of Agriculture's economic development plan, will be able to move quickly from a planning stage to an implementation phase. The allocation to the Commission and the additional programs was projected to be approximately \$5 million each year of the biennium.

Business Technical Assistance - Small Business Development Centers

The Department of Commerce's program goals for business technical assistance are similar to the Department of Agriculture's goals for agricultural business assistance. By funding an appropriate share of state resources to match federal and local funding, small business development centers in Montana can provide quality training and technical assistance opportunities to Montana small businesses that will reduce the risk of failure and promote sales, job growth, and profitability. This program was contemplated to receive \$250,000 for the biennium.

Skilled Workforce - Business Startup Training

The business startup and expansion training program was designed to improve the startup and workplace skills of Montana's workforce. Currently, a program initiated by US West, NXLevel, provides small business entrepreneurial training to new business owners and K-12 students. Increasing the funding would ensure that a successful program remains effective. The Department proposed \$100,000 in additional funding for the biennium.

Local Capacity - Certified Communities, Local Leadership Grants

Section 90-1-116, MCA, provides for the certified communities program. This program is designed to create a certification program under the Department of Commerce to match local economic development funds with state resources. The expansion of the state's funding resources would assist certified communities in addressing local economic development needs. The Department determined that the program would need \$740,000 for the biennium to effectively match local resources.

The Local Leadership program was designed to provide state assistance to local communities in identifying, planning, and executing effective leadership activities to ensure that individual local community economic development needs remain a high priority. The Department requested \$100,000 each year of the biennium to fund this program.

CONCLUSION

The policy programs identified for funding under HB 260 were designed to encourage economic growth in Montana and help reduce some of the competitive

disadvantages Montana faces when trying to position itself and its products in larger markets. All of the affected programs have established what infrastructure they could to ensure that if funding is made available, the programs could begin to implement activities to accomplish the goals identified in the jobs and income package.



INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,
ALL MEETINGS ARE HELD IN HELENA.

MARCH

March 2, Workers' Compensation Subcommittee, Federal Building, Room B-7

March 2-3, Business, Labor, and Agriculture Committee, Federal Building, Room B-7

March 8, Mental Health Managed Care Subcommittee, Federal Building, Room B-7,
8:30 a.m.

March 23, Land Use/Environmental Trends Subcommittee, MSU-Billings, Student
Union Building, Russell Room, 8 a.m.

March 23, MEPA Subcommittee, MSU-Billings

March 23, Eminent Domain Subcommittee, MSU-Billings, Student Union Building,
Lewis & Clark Room, 11 a.m.

March 23, Eminent Domain Subcommittee Public Hearing, MSU-Billings, Special
Education Building, Room 159 with METNET sites in Miles City and Glasgow,
6:30 p.m.

March 24, Environmental Quality Council, MSU-Billings

March 30, Legislative Audit Committee, Board of Investments, 2401 Colonial Drive,
3rd floor Conference Room, 9:30 a.m.

March 30-31, Legislative Council

March 30-31, State Administration, Public Employee Retirement Systems, and
Veterans' Affairs Committee

APRIL

April 13-14, Law, Justice, and Indian Affairs Committee, Browning and Shelby

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